IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
Docket No. 12628US04

In the Application of:

    Michael R. Boyle

    Chuck R. Craig

U.S. Serial No.: 10/666,913

Filed September 19, 2003

For: METHOD FOR GENERATING A
           PORTFOLIO OF STOCKS

Examiner: Gregory L. Johnson

Group Art Unit: 3691

Electronically Filed: July 9, 2007

AMENDMENT AND RESPONSE A

Mail Stop: Amendment
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

This paper responds to the non-final Office Action in the above-entitled application, mailed March 8, 2007. A Petition for Extension of Time (One month) is being filed with this paper, so the due date is being extended to July 9, 2007 (July 8, 2007 is a Sunday).

Amendments to the Claims are reflected in the listing of claims which begins on page 2 of this paper.

Amendments to the Drawings are on page 6 of this paper with a replacement sheet for Figure 1 attached as Appendix A to this paper

Remarks begin on page 7 of this paper.

Appendix A including amended Figure 1 is attached following page 10 of this paper.

Amendments To The Claims

A complete list of all the presently or formerly pending claims in the application is provided below, with suitable headings to show the status of each claim and, where appropriate, its current text. This listing of claims will replace all prior versions, and listings of claims in this application.

Listing of Claims

1.   (Currently amended) A computer implementation method for deciding the quantity of shares of each security selected to form an investment portfolio, comprising the steps of:

providing an investment portfolio comprising selected selecting securities from selected economic sectors in order to establish an investment portfolio;

weighting said selected economic sectors to provide a sector weight for said each selected economic sector;

weighting said selected securities from said each selected economic sector to provide an intra sector weight for said each selected security;

determining a dependent first weight of said each selected security according to (1) said intra sector weight of said each selected security[[,]] and (2) a predetermined percentage of said sector weight of said each selected security's economic sector and a predetermined percentage;

determining an equal weighted a second weight of said each selected security according to by equally dividing the remaining percentage of said sector weight of said each selected security's economic sector[[,]] said predetermined percentage among and the number of selected securities from said each selected security's economic sector; and

adding said dependent first weight to said equal weighted second weight of said each selected security to yield a portfolio weight of said each selected security, wherein at least one of said steps is performed by a computer.

2.   (Currently amended) The method of claim 1, wherein said sector weight of said each selected economic sector is determined by weighting said each selected economic sector according to a relative market capitalization of said each selected economic sector ~~within~~ as compared to the total market capitalization of said selected economic sectors.

3.   (Currently amended) The method of claim 1, wherein said intra sector weight of said each selected security is determined by weighting said each selected security according to ~~the~~ a relative market capitalization of said each selected security ~~within~~ as compared to the total market capitalization of all selected securities from said each selected security's economic sector.

4.   (Currently amended) The method of claim 1, wherein said ~~dependent~~ first weight of said each selected security is a capitalization-weighted weight dependent on the relative market capitalization of said each selected security within all selected securities from said each selected security's economic sector and dependent on the relevant market capitalization of said each selected security's economic sector within all selected economic sectors.

5.   (Original) The method of claim 1 wherein said selected securities are from the group of securities comprises the 500 stocks that make up the Standard and Poor's 500 Composite Stock Price Index.

6.   (Original) The method of claim 1 wherein said selected economic sectors comprise eight economic sectors.

7.   (Original) The method of claim 1 wherein said selected securities comprises 5 securities from said each selected economic sector.

8.   (Original) The method of claim 1 wherein the predetermined percentage is 40%.

9.   (Currently amended) The method of ~~claim 4~~ claim 1 wherein the step of determining said ~~capitalization-weighted~~ first weight of said each selected security ~~further~~ comprising:

(a) multiplying said intra sector weight of said each selected security by said sector weight of said each selected security's economic sector; and

(b) multiplying the result of said step (a) by said predetermined percentage, wherein said steps (a) and (b) are performed by the computer.

10. (Currently amended) The method of claim 9 wherein the step of determining said equal-weighted second weight of said selected securities further comprising:

(a) subtracting said predetermined percentage from 100%;

(b) dividing the result from said subtraction by the number of selected securities from said each selected security's economic sector; and

(c) multiplying the result from said division by said sector weight of said each selected security's economic sector, wherein said steps (a), (b) and (c) are performed by the computer.

11. (Original) The method of claim 1 further comprising purchasing said selected securities from said selected economic sectors, said purchased securities thereby forming said investment portfolio.

12. (Original) The method of claim 1 further comprising creating a pooled investment vehicle comprising said selected securities from said selected economic sectors.

13. (Original) The method of claim 1 further comprising creating a variable annuity comprising said selected securities from said selected economic sectors.

14. (Original) The method of claim 1 further comprising creating an investment account comprising said selected securities from said selected economic sectors.

15. (Original) The method of claim 1 further comprising creating an open-ended mutual fund comprising said selected securities from said selected economic sectors.

16.   (Original) The method of claim 1 wherein said method is implemented on a computer as a software application program.

17.   (Original) The method of claim 1 further comprising generating a securities database that may be stored, executed, and used by a computer.

18.   (Original) The method of claim 1 wherein said investment portfolio is generated and stored as a computer file within said computer implementation.

19.   (Original) The method of claim 1 wherein a sorting algorithm is used in said selecting a predetermined number of economic sectors and said selecting a predetermined number of securities.

Amendments to the Drawings

The attached one sheet of drawing in Appendix A includes the required changes to Figure 1. This sheet replace the original sheet for Figure 1.

More specifically, Step 60 of Figure 1 has been amended to state "select the 5 highest ranked securities ...," as requested by the Examiner. No changes to the substance of the figures were made.

<center>**Remarks**</center>

Claims 1-19 are currently pending. Claims 1-4, 9, and 10 have been amended. No new matter has been introduced by these amendments.

Drawings

The drawings are objected to because Step 60 of Figure 1 conflicts with statements made in the specification. Step 60 of Figure 1 has been amended to state "select the 5 highest ranked securities ...," as requested by the Examiner. No changes to the substance of the figures were made. The corrected drawing sheet has been labeled as "Replacement Sheet" and attached to this paper as Appendix A.

35 U.S.C. § 103 (Obviousness)

Claims 1-11 and 19 are rejected under 35 U.S.C. 103(a) as being unpatentable over the Nike Securities L.P., SEC File 333-69772, FT 567, Pages 12-14 (the "Nike" reference), in view of U.S. Pat. No. 7,085,738 to Tarrant (the "Tarrant" reference) and U.S. Pub. Pat. App. No. 2002/0059126 A1 to Ricciardi (the "Ricciardi" reference). Applicants respectfully traverse the rejections.

The method of claim 1 directs to a computer implemented method for deciding the quantity of shares of each security selected to form an investment portfolio. Claim 1 has been amended to further define the steps of determining a first weight and a second weight of each selected security. Claims 2-11 and 19 all depend from claim 1, either directly or indirectly.

According to claim 1, the weight of a selected security in a portfolio consists of two parts: a first weight **and** a second weight. Both parts are dependent on the sector weight of the economic sector to which the selected security belong; the first part (i.e., the first weight) is further dependent on the intra sector weight of the selected security and a predetermined percentage (e.g., 40%); the second part (i.e., the second weight) is further dependent on the number of securities in the sector and the remaining percentage (e.g., 60%). Put another way, the sector weight of a selected economic sector is divided into two parts by a predetermined percentage; the predetermined percentage of the sector weight is shared by all selected securities in the selected economic sector dependent on the intra sector weight of each selected security; the remaining percentage of the sector weight is shared by all selected securities in the selected economic sector equally. Thus,

<center>- 7 -</center>

according to the method of claim 1, each selected security gets **both** a "dependent" weight **and** an "equal-weighted" weight, which are summed up to provide the weight of each selected security in the portfolio.

For example, let's assume economic sector A constitutes 10% of the weight of an investment portfolio; there are five selected securities (1-5) in sector A; security 1 has an intra-sector weight of 25% within sector A; 40% of the sector weight (10% x 40% = 4%) is shared by the five securities dependent on their intra-sector weights; the rest of the sector weight (10% x 60% = 6%) is shared by the five securities equally. Therefore, in accordance with one embodiment of claim 1, security 1 has a dependent weight of 1% (4% x 25% = 1%) and an equal-weighted weight of 1.2% (6%/5 = 1.2%). Thus, the total weight of security 1 in the portfolio is 2.2% in this hypothetical example in accordance with one embodiment of claim 1.

None of the cited reference teaches or suggests such a method to determine the weight of a security in an investment portfolio, either alone or in combination.

The Office action admits that the Nike reference does not teach a method that determines a dependent weight and an equally-weighted weight for each selected security as required by claim 1.

The Tarrant reference describes a method and system for creating and managing an index fund based on an index of funds of hedge funds. The Office action finds that the Tarrant reference teaches a focused investment strategy based on a securities weighting, which could be either equally-weighted or cap-weighted. However, the Tarrant reference does not teach or suggest assigning **both** a cap-weighted weight **and** an equally-weighted weight to a security for a same portfolio, nor doing so in accordance with a predetermined percentage. Instead, the Tarrant reference only teaches that funds-of-hedge funds (FOFs) can be "weighted **either** equally across funds (equally weighted) **or** by size of the fund (capitalization-weighted)." Tarrant, col. 9, lines 20-22. Therefore, even if the teachings of the Nike reference and the Tarrant reference are combined together, they do not teach or suggest a method that determines both a dependent weight and an equal-weighted weight for each selected security in a portfolio as required by claim 1 of the present application.

The Ricciardi reference does not teach to determine both a dependent weight and an equal-

weighted weight for a selected security in an investment portfolio either, much less to add a dependent weight and an equal-weighted weight to provide the weight of the selected security in the portfolio.

The Ricciardi reference describes a system and method for establishing investment decision rules that will generate buy and sell signals for each security in a given universe of securities. The investment decision rules derived from a subset of related data are called an investment strategy. Six strategies are taught, which are (1) price pattern strategy, (2) macroeconomic strategy, (3) earnings strategy, (4) valuations strategy, (5) risk strategy, and (6) combined strategy. Under the combined strategy, it teaches: "Each security's buy and sell signals from all the foregoing strategies are weighted and summed." Ricciardi, page 2, ¶ 0022. When describing weighting the macro effects, the Ricciardi reference teaches: "As every stock group will have three separate effects (i.e., Sector, Industry and Region) these need to be weighted to give a score for each stock group between -100 and 100." Ricciardi, page 12, ¶ 0317. One example of weighting provided in the reference is: Sector 40%, Industry 40%, and Country 20%. This is completely different from the weighting and summing involved in claim 1 of the present technology. In claim 1, a pre-determined percentage (e.g., 40%) of the weight of an economic sector in an investment portfolio is shared by the selected securities in that sector dependent on each security's intra-sector weight; the remaining percentage (e.g., 60%) of the sector weight is shared by the selected securities in that sector equally. The two weight components (i.e., a first weight and a second weight) for each selected security are then added up to determine the weight of each security in the investment portfolio. The Ricciardi reference does not teach or suggest such a method, either alone or in combination with the Nike reference and/or the Tarrant reference.

The other cited reference, U.S. Pat. No. 6,920,432 (Carey) does not teach or suggests the missing elements either. Therefore, even the combined teaching of the prior art of record does not teach or suggest each and every limitation of claim 1 of the present technology. No *prima facie* case of obviousness of claim 1 can be established by the cited references. Applicants respectfully submit that the method of claim 1 is non-obvious over the prior art of record and should be allowed.

All other pending claims (2-19) depend on claim 1. Therefore, they are not obvious and should be allowed over the prior art of record at least for the same reason as for claim 1.

Conclusion

In light of the above amendments and remarks, the Examiner is respectfully requested to reconsider the present application, withdraw the rejections, and prepare a Notice of Allowability allowing all the pending claims (1-19).

The Commissioner is hereby authorized to charge any additional fees which are presently required, or credit any overpayment, to Deposit Account No. 13-0017.

Respectfully submitted,

DATE: July 9, 2007

Yufeng Ma
Reg. No. 56,975
Attorney for Applicants

McAndrews, Held & Malloy, Ltd.
500 W. Madison, 34th Floor
Chicago, IL 60661
Telephone: (312) 775-8000
Facsimile: (312) 775-8100

Figure 1

100

11 — securities database

20 — numerically rank all economic sectors within the securities database according to market capitalization.

30 — select the 8 highest ranked economic sectors

40 — numerically rank each security within each selected economic sector according to return on assets, buyback yield, and bullish interest indicator

50 — generate a combined ranking for each security within each selected economic sector based on the previous numerical rankings for each security

60 — select the 5 highest ranked securities from each of the 8 economic sectors to form an investment portfolio of 40 securities

70 — weight the securities in the investment portfolio

12 — investment portfolio